

Message Text

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PAGE 01 ANKARA 02847 130917Z

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SUBJ: PRIME MINISTER DEMIREL'S PRESS CONFERENCE-ECONOMIC ASPECTS

1. IN HIS PRESS CONFERENCE ON APRIL 10, PRIME MINISTER DEMIREL DESCRIBED THE ECONOMIC POLICY OF HIS GOVERNMENT AS AIMED AT GROWTH WITH STABILITY, WITH THE BENEFITS EXTENDING TO LARGE MASSES OF TURKISH CITIZENS AND TO EVERY CORNER OF THE COUNTRY. INFLATION WAS DESCRIBED AS THE MOST IMPORTANT ECONOMIC PROBLEM FACING THE GOVERNMENT. HOWEVER, HE POINTED OUT THAT WHOLESALE PRICES WHICH HAD INCREASED 29.9 PERCENT IN 1974 HAD RISEN BY ONLY TEN PERCENT DURING 1975. IN ADDITION TO THE FIGHT AGAINST INFLATION, A MOST IMPORTANT QUESTION TO BE FACED IN 1976 IS WITH RESPECT TO THE BALANCE OF PAYMENTS. TURKEY MUST IMPORT \$5 BILLION IN COMMODITIES DURING 1976 AS THE MINIMUM REQUIREMENT OF THE ECONOMY TO MEET THE NEEDS FOR INVESTMENTS SUCH AS MACHINERY, EQUIPMENT, ETC. AND NECESSARY GOODS. SHORTAGES OF COMMODITIES WILL NOT BE A PROBLEM FOR THE COUNTRY. FACTORIES WILL NOT LACK RAW MATERIALS. PRODUCTION AND EMPLOYMENT TARGETS ESTABLISHED IN THE FIVE-YEAR DEVELOPMENT PLAN

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PAGE 02 ANKARA 02847 130917Z

WILL BE MAINTAINED. ANNUAL EXPORTS ARE ESTIMATED TO BE

\$2 BILLION IN 1976. DURING THE FIRST THREE MONTHS OF THIS YEAR EXPORTS REACHED \$781 MILLION COMPARED TO \$355 MILLION DURING THE SAME PERIOD OF 1975.

2. DEMIREL PLACED GREAT EMPHASIS ON A CONTINUATION OF INVESTMENT DURING 1976. TARGETS IN ALMOST EVERY BRANCH OF PRODUCTION ARE PLANNED TO EXCEED 1975 OUTPUT BY 10 TO 25 PERCENT. THE PRIME MINISTER MENTIONED THE EMPHASIS OF THE 1976 ANNUAL PROGRAM ON HEAVY INDUSTRIAL FACILITIES. CONSTRUCTION OF THE FOURTH IRON AND STEEL COMPLEX WILL BEGIN AND 25 OTHER HEAVY INDUSTRIAL FACILITIES WILL BE SET UP. SPECIAL ATTENTION WILL BE GIVEN TO EXPORT-ORIENTED INDUSTRY AND DEFENSE INDUSTRY PROJECTS. FIFTY HYDRO-ELECTRIC AND THERMAL POWER PLANTS WILL BE STARTED. NEW FERTILIZER PLANTS, CEMENT AND SUGAR MILLS WILL BEGIN AND NEW MEAT COMBINES SET UP. PREPARATIONS ARE BEING MADE FOR SPECIAL DEVELOPMENT PLANS FOR EAST AND SOUTHEAST ANATOLIA.

3. THE PRIME MINISTER ALSO DISCUSSED TURKISH RELATIONS WITH THE EEC. TURKEY'S DEVELOPMENT OBJECTIVES AND PRIORITIES ARE NO LONGER IN LINE WITH THE PROVISIONS OF TURKEY'S INDUSTRIALIZATION, BUT ON THE CONTRARY SHOULD ASSIST IN THE PROCESS. TURKEY WANTS ITS ASSOCIATION AGREEMENT TO BE REVISED SO AS TO RESPOND TO THE CHANGING CONDITIONS OF THE DAY TO BE IN FULL ACCORD WITH TURKEY'S NATIONAL DEVELOPMENT OBJECTIVES.

4. COMMENT: DEMIREL ALSO STATED THAT THE 1975 BUDGET (FOR THE YEAR ENDING FEB. 29, 1976) HAD CLOSED WITH A BALANCE BETWEEN RECEIPTS AND EXPENDITURES. HE DID NOT, HOWEVER, PROVIDE RELEVANT FIGURES. MOST LIKELY BORROWINGS FROM THE DOMESTIC MARKET AND FROM THE CENTRAL BANK ARE COUNTED UNDER BUDGETARY RECEIPTS, IN LINE WITH THE PRACTICE OF RECENT YEARS, TO SHOW A BALANCED BUDGET, AND TO OFFSET THE PROBABLY EXCESS OF EXPENDITURES OVER NORMAL BUDGET RECEIPTS.
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